

Message Text

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ORIGIN AF-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00
INR-07 NSAE-00 L-03 EB-08 TRSE-00 OMB-01 AID-05
IGA-02 PRS-01 H-01 SSO-00 NSCE-00 INRE-00 USIE-00
/065 R

DRAFTED BY DOD/ISA:WHMOORE:AF/W:TWMSMITH/MPH
APPROVED BY AF/W:TWMSMITH
DOD/ISA:LTG FISH
AF/W:EWLOLLIS
PM/SAS:DHESTER(SUB)

-----260002Z 115716 /73

O R 252306Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY LAGOS IMMEDIATE
INFO SECDEF
CINCEUR
DA
HQUSAF
USDAO LAGOS
CDRDARCOM ALEX
CDRTRADOC FT MONROE
DEPCDRUSAILCOM NCAD PA
AFAFC DENVER
DSAA/JFMO LOWRY CO
FMTAG RANDOLPH AFB
HQ AFANC LOWRY AFB

C O N F I D E N T I A L STATE 093214

E.O. 11652: GDS

TAGS: MASS, NI

SUBJECT: OUTSTANDING PAYMENTS FOR FMS TRAINING IN THE US

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REFS: A) LAGOS 3540, B. CDR DARCOM ALEX VA DTG 281837Z MAR
77, C) DA WASH DC DTG 041857Z MAR 77, D) USDAO LAGOS
251041Z MAR 77, E) SECDEF 191805Z FEB 77, F) STATE 078585,
G) STATE 065580

1. SUMMARY: UNLESS THE NIGERIAN GOVERNMENT (FMG) PAYS
\$4,613,054.80 BY 15 MAY 1977 FOR ARMY TRAINING UNDER ALL

THREE FY 1977 CASES (OAG, OAH, AND OAI), ARMY TRAINING MUST BE SUSPENDED. NIGERIAN EMBASSY WAS INFORMED APRIL 12 THAT PAYMENT SHOULD BE MADE BY MAY 15. THE ONLY AIR FORCE CASE FOR FY 1977 (TAN) HAS ALREADY BEEN PAID IN ADVANCE. IN ADDITION, FMG OWES US ARMY \$767,742.20 AND US AIR FORCE \$647,000.00 FOR TRAINING IN PAST FISCAL YEARS, BUT FMG HAS NOT YET RECEIVED BILLS FOR ALL PAST TRAINING. THESE BILLS WILL BE PAYABLE ON RECEIPT. (AS REQUIRED BY LAW, COST OF TRAINING GIVEN IN ALL PAST AND CURRENT LOA'S IS ESTIMATED AND MUST BE REVISED UPWARD OR DOWNWARD TO REFLECT ACTUAL COST OF THE TRAINING TO USG.) EMBASSY IS REQUESTED TO STAY IN TOUCH WITH APPROPRIATE AUTHORITIES AND MAINTAIN PRESSURE FOR IMMEDIATE PAYMENT FOR THREE CURRENT ARMY TRAINING CASES. END SUMMARY.

2. WE REGRET VERY MUCH THE CONFUSION REGARDING THE AMOUNT OWED BY THE FMG FOR FMS TRAINING. THIS COMPREHENSIVE MESSAGE SUMMARIZES AMOUNTS OWED AND CONDITIONS OF PAYMENT. YOU SHOULD DISREGARD AMOUNT CITED REF B AND REF G.

3. ARMY TRAINING. IN THE PAST WEEK, THE ARMY HAS CONDUCTED A COMPLETE REVIEW OF THE FMG'S TRAINING CASES AND ISSUED AMENDMENTS TO THE THREE FY 77 CASES (OAG, OAH AND OAI). THESE AMENDMENTS REFLECT UP-TO-DATE FMS CASE VALUES NECESSITATED BY CHANGES IN COURSE COST, CANCELLATIONS, AND TRAINING ADJUSTMENTS. THE TOTAL VALUE OF FY 77 CASES OAG, OAH AND OAI NOW IS DOLS 4,613,054.80. THIS AMOUNT MUST BE PAID BY THE FMG BEFORE 15 MAY TO AVOID SUSPENSION OF ARMY TRAINING PROGRAM. THIS DEADLINE WAS ESTABLISHED IN MEETING WITH CONFIDENTIAL

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NIGERIAN DEFATT FALOPE AND DOD/STATE REPS APRIL 12 TO GIVE FMG ROUGHLY ONE MONTH TO ACT.

4. THE ARMS EXPORT CONTROL ACT OF 1976 HENCEFORTH REQUIRES FMS CUSTOMER COUNTRIES TO PAY IN ADVANCE OF DELIVERIES. THIS APPLIES EQUALLY TO MILITARY EQUIPMENT AND TRAINING. THE DELIVERY DATE OF TRAINING IS CONSIDERED THE DAY THE FIRST STUDENT ENTERS THE INITIAL COURSE. THE DIRECTOR, DSAA GRANTED A WAIVER ON 17 SEP 76 ALLOWING SEVERAL COUNTRIES INCLUDING NIGERIA TO CONTINUE RECEIVING TRAINING OUTLINED IN SPECIFIC DRAFT FY 77 FMG LETTERS OF OFFER AND ACCEPTANCE (LOA'S) INCLUDING OAG, OAH, AND OAI PENDING SIGNING AND RETURN OF LOA'S WITH THE REQUIRED PAYMENT. FMG SIGNED THESE LETTERS 5 JAN 1977. THESE LOA'S SPECIFY PAYMENT IS DUE ON DATE OF SIGNATURE. (BEGIN FYI: UNDER WAIVER, PAYMENT ON THESE SPECIFIC CASES IS DUE NOT LATER THAN MAY 31. MAY 15 WAS SELECTED TO PROVIDE TWO WEEKS THAT EXPERIENCE HAS SHOWN IS NECESSARY TO PROCESS PAYMENT. UNDER NO REPORT NO CIRCUMSTANCES SHOULD POST REVEAL THAT

FINAL RPT FINAL DATE UNTIL WHICH TRAINING IS AUTHORIZED
IN ABSENCE OF PAYMENT IS MAY 31. END FYI).

5. IN ADDITION, FMG OWES THE ARMY DOLS 767,742.20 FOR
TRAINING CONDUCTED IN FY 74, 75, 76, AND 77. THESE PRE-
VIOUS YEAR CASES WILL BE ADDRESSED IN A SEPARATE BILL THAT
WILL BE PAYABLE UPON RECEIPT BY NIGERIANS. THEREFORE,
BASED UPON LATEST INFO AVAILABLE, FMG OWES A TOTAL OF
\$5,380,797.00 FOR ARMY TRAINING VICE THE \$6,013,819.10
QUOTED IN REFTTEL B. FMG SHOULD BE ADVISED THAT THIS IS AN
ESTIMATED COST AND MAY STILL BE ADJUSTED UPWARD OR DOWN-
WARD TO REIMBURSE ACTUAL USG EXPENDITURES.

6. AIR FORCE. AS THE POST IS AWARE FROM REFTTEL F, THE
USAF TRAINING CASE NI-TAN WAS NOT INCLUDED IN THE WAIVER
DESCRIBED IN PARA 4 ABOVE AND THEREFORE COULD NOT BE

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IMPLEMENTED UNTIL THE \$2,278,966.00 (CASH IN ADVANCE) WAS
RECEIVED. THE FMG ALSO OWES \$647,000 FOR TRAINING ALREADY
DELIVERED BY THE USAF BUT NOT YET BILLED. THIS BILL WILL
BE PAYABLE ON RECEIPT.

7. ACTION REQUESTED. WE ARE AWARE THAT THE SUSPENSION OF
US MILITARY TRAINING WITH NIGERIA COULD ADVERSELY AFFECT
US-NIGERIAN RELATIONS. UNLESS WE ARE CAREFUL TO EXPLAIN
TO THE FMG THE LEGAL REQUIREMENTS UNDER WHICH THE TRAINING
IS OFFERED, SUSPENSION MAY APPEAR ARBITRARY AND CAPRICIOUS.
THE POST SHOULD THEREFORE ENSURE THAT THE APPROPRIATE FMG
AUTHORITIES ARE THOROUGHLY INFORMED OF THE TERMS AND CON-
DITIONS OF FMS TRAINING. THE POST MAY EXPLAIN THAT THE
ARMS EXPORT CONTROL ACT REQUIRES PAYMENT PRIOR TO DOD REN-
DERING A SERVICE. THIS NEW LAW MANDATES THAT THE MILITARY
DEPARTMENTS COLLECT FROM FMS CUSTOMER COUNTRIES THE AMOUNTS
BILLED (DD FORM 645) ACCORDING TO THE TERMS CONTAINED IN
THE LOA (DD FORM 1513). LINE 20 OF THE LOA CONTAINS THE
TOTAL ESTIMATED VALUE OF THE PARTICULAR CASES. IF THE
TERMS OF PAYMENT ARE CASH IN ADVANCE, PAYMENT OF THE TOTAL
CASE VALUE IS DUE WHEN THE LOA IS SIGNED AND PRIOR TO THE
START OF TRAINING. OTHERWISE, THE MILITARY DEPARTMENT
LEGALLY MAY NOT IMPLEMENT THE CASE UNLESS A WAIVER IS
GRANTED. THIS CONGRESSIONAL REQUIREMENT IS APPLICABLE TO
ALL FMS CUSTOMER COUNTRIES WORLDWIDE. FOR EXAMPLE, FMS TO
MEXICO ALREADY HAS BEEN SUSPENDED FOR GOM NON-PAYMENT OF
\$627,384.33. IT IS LEGAL PROVISION AND NOT POLITICAL CON-
STRAINTS THAT REQUIRE SUSPENSION OF FMS TRAINING FOR
NIGERIA UNLESS WE RECEIVE PAYMENT FOR THE
THREE FY 77 CASES TOTALING \$4,613,054.80 BY 15 MAY 1977.

8. POST MAY ALSO EXPLAIN THAT THE FOREGOING SITUATION WAS DISCUSSED IN DETAIL ON 12 APRIL IN MEETING BETWEEN GROUP CAPTAIN FALOPE AND STATE/DEFENSE REPRESENTATIVES. AT THAT TIME WE UNDERTOOK TO DIVIDE FUTURE TRAINING CASES BY SERVICE AND ROUGHLY BY QUARTER AS STUDENTS ENTER TRAINING AND
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BILL ON THAT BASIS RATHER THAN IN AN ANNUAL LUMP SUM. THIS SHOULD MAKE FUTURE YEAR PAYMENTS MORE MANAGEABLE. THIS DOES NOT AFFECT IN ANY WAY, HOWEVER, NIGERIA'S OBLIGATION TO FUND ARMY CASES. TO GIVE FMG ROUGHLY ONE MONTH TO ARRANGE PAYMENT WE SET DEADLINE OF MAY 15. WE EXPLAINED STUDENTS HAVE BEEN IN TRAINING SINCE SEPTEMBER AND FMG HAS HAD NEARLY EIGHT MONTHS TO ACCOMMODATE TO NEW SYSTEM. ON 12 APRIL, FALOPE SAID FMG MAY STILL HAVE DIFFICULTY APPROVING PAYMENT OF NEARLY \$5 MILLION BY 15 MAY BUT HE PROMISED TO EXPLAIN THE MATTER TO LAGOS AND TO RECOMMEND FULL PAYMENT.

9. THIS IS A JOINT STATE/DEFENSE MESSAGE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 25-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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